REMARKS

Claims 1-16 stand rejected in the outstanding Official Action. Claims 1, 2 and 6 have been cancelled without prejudice and claims 3-5, 7-10 and 12-16 amended. Additionally, newly written claim 17 is submitted for consideration. Accordingly, claims 3-5, 7-10 and 12-17 are the only claims remaining in this application.

Attached hereto is a marked-up version of the changes made to the specification and claim(s) by the current amendment. The attached page(s) is captioned **"Version With Markings To Show Changes Made."**

The Examiner's acknowledgment of applicants' claim for priority and receipt of the certified copy of the priority document is very much appreciated. Additionally, the Examiner's consideration of the prior art submitted with applicants' Information Disclosure Statement is appreciated.

Claims 1, 2, 5 and 6 stand rejected under 35 USC §102 as anticipated by Feiken (U.S. Patent 5,635,695). Claims 1, 2 and 6 have been cancelled and the subject matter thereof incorporated into newly written claim 17, from which claim 5 depends.

It is noted that in Feiken, the setting/resetting of the flag is performed by the card plus the machine plus the central processing system, see e.g. column 2, line 22, of the reference stating "provision is preferably made that the flag can be removed only by the central system . . . ." This is the direct opposite of the presently claimed invention in which the card controls the setting and resetting of the ratification flag (see claim 17, steps c1 and c2). As a result, not only does Feiken fail to disclose the method set out in applicants' independent claim 17, it specifically teaches away from the claimed invention,

- 6 -

693554

○   ○

in that Feiken requires a central system for its operation. As a result of the above, there is no further basis for rejection of newly written claim 17 or claim 5 dependent thereon.

Claims 3 and 9-11 stand rejected under 35 USC §103 as unpatentable over Feiken in view of Cheung (U.S. Patent 6,062,472). Inasmuch as claims 3 and 9-11 ultimately depend from newly written claim 17, and claim 17 has clearly been shown to be not anticipated by Feiken, the above comments regarding claim 17 and the Feiken reference are herein incorporated by reference.

The Examiner makes no suggestion that Cheung teaches a system in which the card itself controls the setting/resetting of the ratification flag or that Cheung provides any teaching to ignore the Feiken requirements of a "central system." Moreover, even if Cheung taught these missing elements, the burden is on the Patent Office to establish some basis or reason for picking and choosing elements from the Cheung and Feiken references and no such basis has been disclosed. Absent any teaching in either the Feiken or Cheung references of the method steps recited in applicants' independent claim 17 and absent any motivation for combining these references, the rejection of claims 3 and 9-11 under 35 USC §103 fails.

Claims 4 and 16 stand rejected under 35 USC §103 as unpatentable over Feiken. Inasmuch as claims 4 and 16 depend from claim 17, the above comments distinguishing claim 17 over the Feiken reference is herein incorporated by reference. Additionally, the Examiner's admissions that "Feiken fails to teach a condition debiting of the card" and that "Feiken also fails to teach memory within the card" are very much appreciated.

693554

The Examiner has provided no basis or rationale for concluding that one of ordinary skill in the art would add these features to the Feiken reference and also the additional features discussed above that are recited in applicants' claim 17. As a result, there is simply no support for the rejection of claim 17 over the Feiken reference or claims 4 and 16 dependent thereon, and any further rejection thereof is respectfully traversed.

Claims 7, 8 and 12 stand rejected under 35 USC §103 over Feiken in vew of Feiken '795 (U.S. Patent 6,070,795). Again, it is noted these claims ultimately depend from claim 17 and the above comments distinguishing claim 17 from the Feiken reference are herein incorporated by reference. Moreover, the Examiner further admits that "Feiken fails to teach information as exchanged by the card and machine."

The Examiner suggests that Feiken '795 teaches such cryptographical means. However, merely the fact that Feiken '795 teaches such a method does not mean that one of ordinary skill in the art would ignore the other teachings of the Feiken reference or the Feiken '795 reference. There is simply no motivation or reason for one of ordinary skill in the art to combine these two separate references. As a result, the Patent Office has failed to meet the burden of establishing a *prima facie* basis of obviousness of claims 7, 8 and 12 over the Feiken/Feiken '795 reference combination.

Claims 13-15 stand rejected under 35 USC §103 as unpatentable over Feiken in view of Everett (U.S. patent 5,982,293). Inasmuch as claims 13-15 ultimately depend from claim 17, the above comments distinguishing claim 17 from the Feiken reference are herein incorporated by reference. Additionally, the Examiner's admission that

"Feiken fails to teach the counting of occasions the flag is read in a non-ratified state" is very much appreciated.

The Examiner suggests that Everett teaches a system for recovering transactions between a smart card and interface device. However, the Examiner does not provide any indication of how or why he believes Everett contains a disclosure of counting of occasions of the flag being read in a non-ratified state. There is no motivation for combining Feiken and Everett, and there is no indication that even if combined they would provide applicants' claimed combination of method steps.

The Examiner merely speculates that he might wish to combine certain steps from Feiken and certain steps from Everett in an attempt to render obvious claims 13-15. The Examiner has simply failed to provide a *prima facie* case of unpatentability of claims 13-15 over the Feiken/Everett combination and any further rejection thereunder is respectfully traversed.
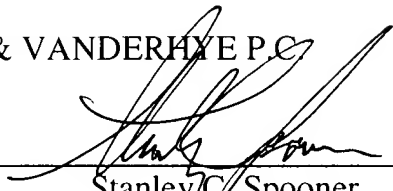
Having responded to all objections and rejections set forth in the outstanding Official Action, it is submitted that remaining claims 3-5, 7-10 and 12-17 are in condition for allowance and notice to that effect is respectfully solicited. In the event the Examiner is of the opinion that a brief telephone or personal interview will facilitate allowance of one or more of these claims, he is respectfully requested to contact applicant's undersigned representative.

Respectfully submitted,

NIXON & VANDERHYE P.C.

By: _____
Stanley C. Spooner
Reg. No. 27,393

SCS:kmm
1100 North Glebe Road, 8th Floor
Arlington, VA 22201-4714
Telephone: (703) 816-4000
Facsimile: (703) 816-4100

693554

VERSION WITH MARKINGS TO SHOW CHANGES MADE

IN THE SPECIFICATION

Page 1, between the Title and first paragraph:

BACKGROUND OF THE INVENTION

1. Field of the Invention

Page 1, above the paragraph beginning at line 11:

2. Discussion of Prior Art

Page 6, above the paragraph beginning at line 8:

· SUMMARY OF THE INVENTION

Page 7, above the paragraph beginning at line 13:

DETAILED DISCUSSION OF EMBODIMENTS

IN THE CLAIMS

3[/] *(Twice Amended)* The method of claim[1] 17, in which performing step c1 [conditional debiting of the card] is [also] subordinate to a time delay elapsing since the preceding operation of putting the flag into the non-ratified state.

4[/] *(Twice Amended)* The method of claim [1] 17, in which performing step c1 [conditional debiting of the card] is [also] subordinate to the machine performing the current transaction belonging to a group to which the machine that performed the preceding transaction also belongs.

5[/]*(Twice Amended)* The method of claim [1]17, in which, when the flag is in the non-ratified state, delivery without debit is inhibited if the machine detects that delivery took place during the preceding use of the [card] object.

7[/]*(Twice Amended)* The method of claim [1]17, in which at least a portion of the information modifying the state of the [card]object, in particular commands enabling the flag to be put into the ratified state, is previously processed by cryptographic means implemented both in the [card]object and in the machine.

8[/]*(Twice Amended)* The method according to claim [1]17, in which

at least a portion of the information relating to the state of the [card]object, in particular the state of the flag and confirmation that the debit has taken into account, is previously processed by cryptographic means implemented both in the [card]object and in the machine.

9[/]*(Twice Amended)* The method of claim [1]17, in which the goods or service is delivered in deferred manner after a given time delay.

10[/]*(Amended)* The method of claim 9, in which delivery takes place prior to the expiry of the time delay in the event of receiving confirmation that the [card]object has been successful in putting the flag into the ratified state.

693554

GRIEU et al.
Serial No. **09/806,907**

◯ ◯

12[/](*Twice Amended*) The method of claim [1]17, in which the information

interchanged between the machine and the [card]object is enciphered in such a manner as

to avoid revealing the moment at which the machine instructs the [card]object to put the

flag into the ratified state, or the moment at which the [card]object performs that

instruction.

13[/] (*Twice Amended*) The method of claim [1]17, including, in the machine,

counting the number of occasions on which it reads a flag in the non-ratified state.

14[/](*Twice Amended*) The method of claim [1]17, including the [card]object

counting the number of occasions on which it stores the flag in the non-ratified state

between two transactions.

15[/](*Twice Amended*) The method of claim 13, in which means are provided to

indicate that a given threshold has been exceeded by the count in the [card]object, in

particular means for inhibiting subsequent delivery of goods or service.

16[/](*Twice Amended*) The method of claim [1]17, in which the [card]object

memory includes information about the kind of goods or service to be delivered, which

information is updated before any delivery of said goods or service.

- 13 -

-- 17. *(New)* A method of interchanging data between the non-volatile memory of a portable object and an automatic machine with which the portable object is temporarily coupled to enable goods or service to be delivered, the portable object storing in said non-volatile memory value information that can be debited by the machine in consideration for delivering the goods or service, and a ratification flag having two states, a ratified state and a non-ratified state, wherein the method comprises the successive following steps:

a) the machine reads the state of the flag and jumps to step e) if said flag is in the non-ratified state;

b) the machine issues to the portable object a command for debiting said value information by an amount corresponding to the goods or service to be delivered;

c) the portable object:

c1) records the debit by updating the value information, and

c2) puts the flag into the non-ratified state,

said sub-steps of recording the debit and putting the flag into the non-ratified state being performed in indivisible manner;

d) the portable object issues to the machine an acknowledgement signal indicating that the debit has been recorded;

e) the machine delivers the goods or service;

693554

f) the machine issues to the portable object a command for setting the flag to the

ratified state; and

g) the portable object puts the flag into the ratified state.--

693554